

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6753	0.3%	WTI Crude Oil	82.46	\$0.82
90-day Bill	4.46	0	AUD/JPY	109.07	0.3%	Brent Crude Oil	85.42	\$0.57
3-year Bond	4.09	-3	AUD/EUR	0.6233	0.0%	Mogas95*	94.63	-\$0.69
10-year Bond	4.36	-2	AUD/GBP	0.5254	-0.3%	CRB Index	289.71	-0.27
			AUD/NZD	1.1090	0.9%	Gold	2373.02	\$8.23
			AUD/CNY	4.9074	0.1%	Silver	30.85	\$0.07
US			EUR/USD	1.0834	0.2%	Iron Ore (62% Fe)**	106.45	-\$1.80
2-year	4.62	-1	USD/JPY	161.51	0.0%	Iron Ore (24-25 Average)	109.64	-\$0.79
10-year	4.28	-2	USD/CNY	7.2760	0.0%	Copper	9905.00	\$36.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	7883	96
			Interbank O/N Cash Rate	4.34		Dow Jones	39721	429
Other 10-year			Probability of a 25bps Hike in Aug	24.8%		S&P500	5634	57
Japan	1.09	0	RBA Bond Holdings (30 June)	A\$314.3b		Stoxx600	516	5
Germany	2.53	-5				CSI300	3429	-11
UK	4.13	-3						

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

**Iron ore is the second SGX futures contract.

US equities continued to set record highs overnight, with the S&P 500 posting its seventh consecutive daily increase, its longest winning streak since November last year. Treasury yields eased a little as Fed Chair Jerome Powell's second Congressional testimony contained the same message as the first, that the labour market is coming into better balance and recent inflation readings have shown further progress toward the 2% target. The US June CPI release tonight will be the key global data release this week.

Equities were mainly higher in Europe, with the Stoxx 600 closing higher for the first time in four days. Markets were mainly lower across the Asia-Pacific. Aussie, Chinese and South Korean shares were down, however Japanese stocks continue to be boosted by the weak yen, with the Nikkei 225 closing at a fresh record high. The ASX 200 slipped 0.2% amid sharp falls in miners and utilities but opened higher this morning.

Australian bond yields were dragged down by a more dovish-than-expected Reserve Bank of New Zealand statement yesterday that drove a sharp fall in New Zealand bond yields and sees the market fully pricing in a Kiwi interest rate cut for October. The Monetary Policy Committee expects inflation to fall back to the 1-3% target range in the second half of the year and highlighted easing labour market pressures. The Aussie bond yields have opened a little higher this morning to be off yesterday's lows.

The AUD continues to trade at close to its highest level against the greenback since January and is at 33-year highs against the Japanese yen. Iron ore futures prices closed lower and may face further downward pressure today after the US announced a new tariff on steel imports coming through Mexico but not manufactured there.

The annual pace of Chinese CPI inflation fell 0.1ppts to 0.2% YoY in June signalling ongoing weak household sector demand. Food prices were the biggest drag, falling 2.1% YoY, although inflation in non-food prices was also soft at 0.8% YoY. Core CPI inflation (ex. food and energy) was steady at 0.6% YoY. The Chinese PPI was down 0.8% YoY in June, a slower pace of decline than the -1.4% in the year to May. The fall was led by consumer and manufactured goods, while raw materials prices were up 1.6% YoY.

The CBA Household Spending Insights Index, released this morning, rose 0.6% in June, following a 0.7% rise in May, with annual growth easing by 0.1ppts to 3.9% suggesting flat growth in real spending given inflation has been running at about 4% (the Q2 CPI report is due 31 July).

ECONOMIC DATA REVIEW

- **AU:** CBA Household Spending Index (YoY, Jun) – Actual 3.9%, Previous 4.0%.
- **NZ:** RBNZ Official Cash Rate Decision – Actual 5.50%, Expected 5.50%, Previous 5.50%.
- **CH:** CPI (YoY, Jun) – Actual 0.2%, Expected 0.4%, Previous 0.3%.
- **CH:** PPI (YoY, Jun) – Actual -0.8%, Expected -0.8%, Previous -1.4%.

ECONOMIC DATA PREVIEW

- **AU:** Payroll Jobs (YoY, w/e 15 Jun) – Previous 1.2%.
- **US:** CPI (Jun, MoM) – Expected 0.1%, Previous 0.0%.

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